

ADDRESS OF SENATOR STROM THURMOND (D-SC) TO THE CAROLINAS BRANCH
OF THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA, INC., BOCA
RATON, FLORIDA, 10:30 A.M., NOVEMBER 10, 1960.

For almost a year now, and particularly during the past several months, the people of this country have been subjected to the heat of an intensive political campaign.

Although voting and participating in elections is one of the most important functions that the public generally plays in the political arena of republican government, efforts at election time alone do not acquit the American people of their entire political responsibilities. It would be merely wishful thinking if any of us believed that the problems facing our Nation were solved solely through the election of even the best candidate to each of the offices filled in the election. However you may personally view the election results, the outcome of the decisions which face the Nation are yet to be decided.

In the earlier years of our Republic, it was possible to relegate almost any particular issue into some given category. Some issues were purely domestic, others foreign; some issues were wholly political in nature, and even those which were classed as political-economic, were only indirectly so, as far as most of the people were concerned.

In our own day, no issue can be relegated to one category. The survival of our Country depends on the sum total of all issues to such an extent that a wrong decision on what appears to be a totally domestic issue of limited import might turn the scales against us in our fight for survival on the international scene. Under these circumstances, it ill behooves the American people generally to relax their vigilance at any time, even in the period immediately

following an election. Politics and political decisions are everybody's business, all the time.

You gentlemen here today have a very important stake in the political future of this Country, because you are all advocates of our prosperous free enterprise system, which has not only helped to make the United States the greatest Country the world has ever known, but has also made it possible for individuals such as you to own and manage your own enterprises. Today as never before in the history of our Republic, our people stand in danger of losing our free enterprise or capitalistic economic system, our government of limited and divided powers, and the individual liberties which we value and cherish so highly, to the big labor bosses, the welfare-staters, the free spenders, and the advocates of an all-powerful central government.

You gentlemen have felt the pressures and powers of big labor leaders. They seek not just collective bargaining with management but to virtually seize control of industries and businesses in order to dictate to the owners whom they will hire and fire, and to assume the prerogatives and policy-making powers of the companies which rightfully belong to management. In other words, they want to do everything except put up the capital, exercise the business ingenuity, and assume the risks and liabilities of the owners.

Big labor leaders are now in the political arena on such a vast scale that they virtually control one major political party and exert considerable influence on the other. You have seen this in the efforts of organized labor to ram through the Congress the

so-called common situs picketing bill, which has the indorsement of President Eisenhower and both of the gentlemen who just ran to succeed him in January. You and I both know that, based on the history of the last session of the Congress and the election promises, this proposal will be pushed hard and early after Congress convenes in January.

Your special interest in this proposed legislation is quite understandable. If common situs picketing were to be legalized, your businesses would suffer a disastrous blow. Your costs of doing business would be multiplied. Your performance of construction contracts would be subjected to such extreme uncertainties as to make sound bidding almost impossible. The established method of doing business through subcontractors might even be rendered impractical. To many of you, Congressional action on this one piece of proposed legislation could conceivably be the difference between staying in business or failing or getting out.

But this is not your problem exclusively. It is a problem that intimately affects the interests of every American.

In the first place, the legalizing of secondary boycotts through common situs picketing would be a crippling blow to our national defense effort. Even under existing law, strikes are a major drag on our defense program.

At my request, the Defense Department furnished to me on August 26 a breakdown of work stoppages at Air Force missile bases during fiscal year 1960. It showed that labor unions averaged one strike every four days during that fiscal year at these vital defense installations. The record shows 95 strikes and 78,000

man-days of work lost at 12 bases. Hardest hit by the work stoppages were launching pads for intercontinental ballistic missiles at Warren Air Force Base in Wyoming, Vandenberg Air Force Base in California, Offutt Air Force Base in Nebraska, and the Missile Development Center at Cape Canaveral, Florida. Much of the lost time was caused by union strikes against neutral employers and by jurisdictional strikes to get work being done by other unions.

Fortunately, the terms of existing law provide the means for ending most of these strikes after a short duration--either by injunction, action of the National Labor Relations Board, or the threat of one or the other. In most cases, however, these strikes would have gone on for much longer, and some of them probably indefinitely, had common situs picketing been legal. Should the Congress act favorably on this proposal, a major impediment would be placed on all defense construction.

Not only would the legalization of common situs picketing affect the time element of our defense effort, but it would add substantially to its cost. To anyone who has studied the pattern of the disputes which lead to strikes on defense construction projects in connection with the proposal for legalizing common situs picketing, it is apparent in almost every case that the majority of contractors and subcontractors on the project have absolutely nothing to do with the dispute, and even less control over its settlement. Lost time has a substantial bearing on costs, and a contractor's complete inability to anticipate such a dispute must necessarily cause him to allow in his bid an additional sum for such a contingency. Even should all contracts be on a cost-reimbursible basis, the government

would still have to pay the bill for delays beyond the control of those contractors and subcontractors who have nothing to do with the dispute. Defense is an expensive business, and it is imperative that we get the maximum value for every dollar expended.

Construction accounts for a substantial proportion of our total economic output in any given year. Some estimates show that new construction in the next ten years will exceed in value all construction now existing. If the costs of construction are increased materially through passage of the common situs picketing proposal, as they surely would be, the rise in prices will be reflected in every segment of the economy, a new impetus for inflation will be inaugurated, and the many evils of that economic condition will be multiplied in intensity. Those on fixed incomes will be reduced to dire straits. New demands will be made on both government and private industry for increases in salaries and fringe benefits to meet increased costs.

The construction industry will suffer financially, itself; for being in the direct line of fire, you must absorb a substantial part of the loss in productivity. But your failure to profit will not only impair your own financial stability, but that of all levels of government. In our present system, taxes are based primarily on profits, and if you have less profits, the government--National, State, and local--receives less revenue.

As you are affected most directly by the action of the Congress on common situs picketing, so are your employees. Again, the study of the pattern of labor disputes in the construction industry, which would be multiplied and lengthened by the legalization of common

situs picketing, reveals that in a large majority of cases, those workers involved in the dispute constitute a very small minority of those whose work is interrupted by the strike. The majority of the workers lose their right to work and to earn a living through no fault of their own. The unemployment compensation which they might draw during the work stoppage is a poor substitute for their usual paycheck. Construction workers, generally, would be injured to almost the same extent as would those of you in the management end.

The implications of the common situs picketing bill do not stop here. It isn't difficult to imagine the serious impact this legislation could have on our economies in the Carolinas. Every time a Carolina truck driver, not a member of the Teamsters Union, would try to haul a load of Carolina non-union building materials onto a construction job, the union on the job, by use of the secondary boycott, could force the contractor to use only materials hauled and manufactured by union labor from elsewhere.

I could use the entire time allotted to me to list the far-reaching effects which the enactment of the common situs picketing bill would have, and its application to the interests of every segment of our population, but the foregoing illustrations are sufficient. The personal life of every American is touched by this issue. You, being close to this problem and aware of its seriousness, are doing your utmost to prevent its passage. I commend you on the fine job you have done and are doing. I would just remind you that this battle is not yet over, and it will take us a long time and much vigorous effort to deal a death blow to this proposal, once and for all.

The common situs picketing bill, however, is just one of many legislative proposals being pushed by the big labor leaders. If possible, they would repeal the Taft-Hartley Act of 1947--particularly Section 14 (b) which authorizes State right-to-work laws--and the Labor Reform Act of 1959. Labor legislation is not their only preoccupation in the legislative and political arenas. They are locked arm-in-arm with the welfare-staters, the free spenders, and the centralization of power advocates, in promoting radical legislative ideas and proposals, and in electing to office at all levels of government politicians who will do their bidding.

In recent years you have watched the advocates of an all-powerful and dictatorial government chip away at the powers reserved to the States and local governments by the Constitution until more and more powers and tax sources have been drawn unto Washington at the expense of the State and local governments and the people. Probably the most colossal example of this is the Federal Government's grant-in-aid programs to the States. Under these programs, the States are enticed to surrender exclusive control and jurisdiction over areas reserved to them under the Constitution in order to receive handouts from the Central Government--handouts which are no more than tax dollars collected in the States and shipped to Washington to go through the bureaucratic wringer for shrinkage and control purposes. These programs now total approximately 100. Another example is the effort of the Central Government, through questionable authority contained in "legislation" passed by the Supreme Court, to interfere with the rights of the States in the field of education by forcing the intermingling of the races against

the wishes of the overwhelming majority of those affected by court desegregation orders.

You have also watched the free spenders squander billions on non-defense programs--many of which are unconstitutional, unnecessary, and unwise--thereby adding more and more onto our mushrooming national debt, which has now reached the astronomical figure of \$291 billion. I realize that our defense expenditures do play a big role in the large annual outlay of government funds--and I am an advocate of spending whatever amount we can wisely spend to keep our Nation secure and strong--but defense expenditures account today for only approximately one-half of all national spending. In fact, defense spending for 1959 was \$4.3 billion lower than the 1953 Korean war defense budget, while non-defense expenditures for 1959 were \$9.2 billion above the 1953 level.

In the past two fiscal years, 1959 and 1960, our government spent \$159 billion, which was \$2 billion more than was disbursed by our government in the first 150 years of our country, during the period 1787-1937.

Mr. Maurice Stans, the capable and sound director of the Bureau of the Budget, has figured that the national debt, plus over \$350 billion of future obligations for past services, plus \$98 billion in c.o.d.'s add up to a Federal Government mortgage of \$750 billion on America's future--on ourselves, and our children. And, this \$750 billion mortgage is in addition to the annual costs of defense, welfare, and commerce.

Of all the four groups I have mentioned, the labor leaders, the free spenders, the centralization advocates, and the welfare-staters--and they are all closely allied together--the welfare-staters constitute the most subtle group. Years ago they initiated an assault on our economic system by various methods, most of which have been subsequently abandoned. For instance, a socialist political party proved too direct, and evidenced little appeal to Americans, even in a depression.

The latest approach, I regret, is proving more successful. It is still socialism, pure and simple, but its proponents would more readily accept the title, "welfare statism." It behooves us to understand why the "welfare state" approach is succeeding where the "socialistic party" approach failed.

The principal weapon of the socialistic party approach is "nationalization." In some countries, this approach has been successful. Possibly the examples of "nationalization" in other countries have served as a warning to Americans, for advocacy of nationalization drew only slight political support to socialistic movements. Nationalization lacks in appeal to Americans, for it seeks to change the form as well as the substance, of our economic system. It is too open and aboveboard to compete with the obvious advantages of capitalism.

The welfare-state approach, on the other hand, is much more subtle. Indeed, nationalization is condemned by the welfare-staters. There is no need for a separate political effort, for its concepts can be rationalized into harmony with the platforms of existing

political parties. Indeed, Norman Thomas has conceded as much. This is possible, because the welfare-staters' approach includes no change in the form of the capitalistic structure of our economic system. Instead, it utilizes a subterfuge, which, transparent though it may be, obviously deceives great numbers of people. Rather than attaining socialism through ownership by the state, the welfare-state concept achieves socialism through regulation and control by the state, while leaving the outward vestiges of ownership in private hands. Unfortunately, this system is equally as effective for the destruction of capitalism, and therefore equally as socialistic, as is the outright ownership of property by the state which is accomplished by nationalization.

The appeal of the welfare-state concept is directed at the natural human desire for security. The advocates of this devious and deceptive system have found it relatively simple, while sailing under the flag of liberalism, to secure the support of many, and the acquiescence of others, for their insidious programs through promises of the fulfillment of material wants of the general populace. There are two basic fallacies in this approach which are successfully concealed from the consciousness of those who swallow the lure of the new style socialists.

The first fallacy is--or should be--the most obvious. All wealth or material goods are produced by individual human labor or ingenuity. The state ~~itself~~ can produce no wealth and whatever it supplies must be first **taken** from the fruits of the labor of the individual. The method by which the state acquires the property

of the individual is, of course, taxation; and we are all quite well aware that our system of taxation is designed to take the most from those who have the most. This design of our tax system is used to shield the average individual from the fact that that which is offered him in the way of material benefits is first taken out of his pockets--not someone else's pockets.

The graduated income tax does not produce revenues from the higher level in nearly such appreciable amounts as the welfare-staters would have you believe. As a matter of fact, the rates in excess of 20% secure to the National Government only \$5 billion annually. The remainder of the income tax receipts--approximately \$35 billion--is taken from incomes which are taxed at the minimum rate. Most of our other taxes, such as the excise taxes of which we have so many, fall equally on the individuals in the lower income brackets as well as those in higher income brackets. Truly, the welfare-staters would, if it were possible, ultimately seek to derive a greater portion from the higher incomes, but it is an economic fact that there is an insufficient amount of high incomes to produce any substantial additional amount from this source. The truth of the matter is that each individual, with few exceptions, must first contribute the fruits of his own labors in order to supply the wherewithal for the welfare-staters' bequests.

The second fallacy in the welfare-state approach is equally basic if somewhat less obvious. The physical needs of the populace which the welfare state proposes to supply do not and cannot provide security; for, indeed, security embodies more than the supply of

our mere physical wants. The security which the welfare state offers, if carried to its logical conclusion, exists now for the inmates of our better penal institutions. These inmates are well fed, well clothed, normally well protected from violence, and enjoy most substantial and weatherproof, as well as breakproof shelter.

Both of these fallacies are readily apparent from the examination of the examples of the operation of the welfare-state system. There is no scarcity of such illustrations in the current operation of our National Government, but unfortunately I do not have sufficient time here today to discuss the many examples I have run across in my six years in the United States Senate.

No one engaged in business needs to be told that the National Government is a silent, but senior, partner in each and every business. The principal element of control, although certainly not the sole element, is our complicated system of taxation. Certainly by this time, we should all be well aware that our tax system is geared, not only for the production of revenue, but also for the regulation of the economy and thereby the productive efforts that constitute our economy.

Ever increasingly are business decisions reached on the basis of tax consequences than on the competitive considerations which stem from consumer needs and desires. Thus, what was impossible to accomplish in America by a bold stroke of nationalization is being successfully accomplished through the adoption of the insidious welfare-state proposals.

To be sure, the process is gradual. Unfortunately, this very graduality seems to have a tranquillizing effect. The dangers

inherent in this approach seem much less impressive in reaching the same goal than do the identical dangers of the more abrupt methods. Even those who profess to be aware of the steady growth of welfare-statism and who profess to be conscious of its destructive effects, appear to fight only a delaying action rather than make a do-or-die stand. The prevalent method of resistance to welfare-statism will inevitably insure the ultimate and total success of socialism. I think the defense action to which I refer could be characterized by the statement: "This proposal is unsound in principle but a little bit--or a little bit more, as the case may be--is all right, or at least not too bad."

My friends, the American people will never be brought to a realization of the true dangers of welfare-statism, or to a knowledge that the welfare state is substantially a socialized state, unless and until those of us who recognize the true nature of this deceptive concept base our defense on a clear and unequivocal stand on principle and cease to hinge our objections on the degree of the advance of the particular welfare-state proposals.

In conclusion, let me impress upon you that the forward progress of those forces which would undermine--and, in fact, are undermining--our economic system and our federal republican form of government can be halted and reversed. The task of doing so will not be an easy one by any means; for liberty, whether it be political liberty or economic liberty, has never come easy for any people. It has to be fought for; indeed, many have died for it.

I urge you gentlemen, all of whom are respected and able spokesmen in your own areas, to give of your time and talents--

yes, even your resources--to promote the fight to preserve the economic and political principles which have made the United States of America not only the greatest, the strongest, and the most prosperous Country in the world but also the foremost symbol of liberty the world has ever known. I implore you to continue your fight on such issues as common situs picketing, but also to give some time, attention, and resources to the overall fight against the forces of socialism and tyranny wherever the battles arise. We must fight not only to win the battle of the moment, but also we must fight to win the war being waged in this country against LIBERTY--which is the right of each individual to live, to work, and to forge his own destiny, limited only by the talents God gave him and the industry with which he develops those talents.

Liberty demands eternal vigilance and fearless action. We cannot and must not falter in our firm resolve to preserve this, our most precious heritage, for ourselves and for our posterity.

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